

KENTUCKY AGRI-NEWS



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FEATURING : CROP PRODUCTION
CASH RENTS

FARM PRODUCTION EXPENDITURES
DAIRY PRODUCTS

CROP PROSPECTS FOR KENTUCKY FARMERS ARE MIXED

U.S. HIGHLIGHTS

Corn production was forecast at 10.9 billion bushels, up 8 percent from last year and 22 percent above 2002. This would be the largest production on record.

Corn yields are expected to average 148.9 bushels per acre, up 6.7 bushels from last year. This would be the largest yield on record.

Soybean production was forecast at 2.88 billion bushels, up 19 percent from 2003 and 4 percent from 2002.

Soybean yields are expected to average 39.1 bushels per acre, up 5.7 bushels from 2003.

Eight-State Burley Belt production was forecast at 298.2 million pounds, 6 percent above a year ago.

Apple production was forecast at 9.37 billion pounds, up 9 percent from last year and 10 percent above 2002.

KENTUCKY

The 2004 crop production year through July can be characterized by cool weather and frequent rain. Corn and soybean production is very promising while tobacco production has been hurt by disease problems.

Burley tobacco production as of August 1 was forecast at 204.8 million pounds, an increase of 3 percent from the previous crop. The estimated crop would be 95 percent of the effective quota of 216.4 million pounds. The increase in production resulted from a small increase in harvested acreage and yield. Acres for harvest were estimated at 105,000 acres, an increase of 2,000 acres from a year earlier. Yield was estimated at 1,950 pounds per acre, up 25 pounds from the 2003 crop. Disease problems have affected tobacco production this summer. Blue mold continues to be active in the State and black shank is present in many fields. Severity of blue mold varies on a field to field basis. Burley tobacco development continues to be ahead of last year while behind the 5-year average.

Corn production was forecast at 161.9 million bushels, up 9 percent from the 2003 crop. This would be the largest corn crop since 1992. Yield was estimated at 142 bushels per acre, up five bushels from the 2003 crop. The estimated yield equals the record high set in 2001. Harvested acreage was estimated at 1.14 million acres, an increase of 60,000 acres from a year earlier. Good soil moisture has been beneficial to corn development whose stages (milk, dough and dent) continue to be ahead of last year and the 5-year average.

Soybean production was forecast at 52.1 million bushels, down 2 percent from the large 2003 crop. The smaller production was brought about by a reduction in yield per acre. Yield was estimated at 41 bushels per acre, down two bushels from last year's record high yield of 43 bushels per acre. Harvested acreage was forecast at 1.27 million acres, an increase of 30,000 acres from the 2003 crop. Soil moisture conditions delayed planting but have been favorable for growth of second crop soybeans (following the small grain harvest). Blooming and setting pods are ahead of last year. No major diseases have been reported with the crop in mostly good to excellent condition as of early August.

Total production of **hay** is expected to be about the same as the 2003 crop. **Alfalfa hay** production was forecast at 1.14 million tons, an increase of 31 percent from last year's crop. Yield per acre was estimated at 4.40 tons per acre, a record high. **Other hay** production was estimated at 5.20 million tons, down 5 percent from last year's record crop. Yield was estimated at 2.60 tons per acre. The harvested acreage of alfalfa was estimated at 260,000 acres and the other hay acreage was estimated at 2.00 million acres. Conditions have been favorable for hay growth, but quality has suffered due to frequent rain and poor drying conditions.

Apple production was forecast at 8.00 million pounds, an increase of 500,000 pounds from the 2003 crop. Farmers had been expecting a good crop but expectations were lowered by thunderstorms and high winds this spring and summer. Frequent rain also hurt their spraying programs.

CROP PRODUCTION

CROP SUMMARY, AUGUST 1 KENTUCKY AND UNITED STATES

CROPS	UNIT	ACREAGE HARVESTED		YIELD PER ACRE		PRODUCTION		
		2003	2004	2003	2004	2003	2004	
			Indicated		Indicated		Indicated	% of '03
		(Thousand)				(Thousand)		
KENTUCKY								
Corn for Grain	Bu.	1,080	1,140	137.0	142.0	147,960	161,880	109
Soybeans for beans	Bu.	1,240	1,270	43.0	41.0	53,320	52,070	98
Hay:								
All	Ton	2,450	2,260	2.60	2.81	6,375	6,344	100
Alfalfa	Ton	250	260	3.50	4.40	875	1,144	131
All Other	Ton	2,200	2,000	2.50	2.60	5,500	5,200	95
Tobacco:								
All	Lbs.	111.65	113.80	2,016	2,048	225,042	233,060	104
Burley	Lbs.	103.00	105.00	1,925	1,950	198,275	204,750	103
Type 22 E. Fired	Lbs.	2.60	2.70	3,080	3,200	8,008	8,640	108
Type 23 W. Fired	Lbs	2.50	2.50	3,530	3,600	8,825	9,000	102
Type 35 One Sucker	Lbs.	2.30	2.30	2,830	3,000	6,509	6,900	106
Type 36 Green River	Lbs.	1.25	1.30	2,740	2,900	3,425	3,770	110
All Wheat	Bu.	330	370	62.0	55.0	20,460	20,350	99
Commercial Apples	Lbs.					7,500	8,000	107
UNITED STATES								
Corn for Grain	Bu.	71,139	73,377	142.2	148.9	10,113,887	10,923,099	108
Soybeans for Beans	Bu.	72,321	73,655	33.4	39.1	2,417,565	2,876,627	119
Sorghum for Grain	Bu.	7,798	6,916	52.7	67.2	411,237	464,782	113
Hay:								
All	Ton	63,342	61,589	2.48	2.63	157,123	161,763	103
Alfalfa	Ton	23,578	22,226	3.24	3.48	76,307	77,264	101
All Other	Ton	39,764	39,363	2.03	2.15	80,816	84,499	105
Tobacco:								
All	Lbs.	411.15	413.55	1,952	2,140	802,654	884,873	110
Burley	Lbs.	152.30	156.30	1,850	1,908	281,698	298,230	106
Type 22 E. Fired	Lbs.	7.80	8.10	3,013	3,067	23,504	24,840	106
Type 23 W. Fired	Lbs.	2.90	2.92	3,505	3,571	10,165	10,428	103
Type 35 One Sucker	Lbs.	2.84	2.86	2,748	2,883	7,805	8,244	106
Type 36 Green River	Lbs.	1.25	1.30	2,740	2,900	3,425	3,770	110
All Wheat	Bu.	52,839	50,556	44.2	42.0	2,336,526	2,122,894	91
Commercial Apples	Lbs.					8,613,300	9,365,900	109

PRODUCTION EXPENDITURES UP 3.0 PERCENT IN 2003

U.S. farm production expenditures totaled \$198.9 billion in 2003, up 3.0 percent from the revised 2002 total of \$193.1 billion. The largest contributors to the increase were farm improvements and construction up, 43.8 percent; feed, up 8.4 percent; trucks and autos, up 7.1 percent and other farm machinery up, 5.4 percent. These increases were partially offset by decreases in interest, down 11.4 percent; farm supplies and repairs, down 9.8 percent; and labor, down 1.4 percent. The largest two expenditure categories were feed, which accounted for 13.6 percent of the U.S. total production expenses, and farm services, which accounted for 13.5 percent of the U.S. total production expenses. The farm services category includes expense items such as custom work, utilities, marketing charges, veterinary services, transportation costs, and miscellaneous business expenses.

The average expenditures per U.S. farm in 2003 were \$93,785, compared to \$89,722 as revised for 2002. On the average, U.S. farm operations in 2003 spent \$12,731 on feed; \$12,637 on farm services; \$9,996 on labor; \$8,959 on livestock and poultry purchases; and \$7,733 on rent. Revised estimates for 2002 indicated that U.S. farms spent an average of \$11,570 on feed; \$12,452 on farm services; \$9,990 on labor; \$8,503 on livestock and poultry purchases; and \$7,527

on rent. The Farm Production Region contributing most to the total 2003 U.S. farm production expenditures was the Corn Belt, with expenses of \$35.8 billion, 18.0 percent of the U.S. total. Expenditures in the Corn Belt were up 1.6 percent from the 2002 level of \$35.2 billion. In total expenditures, the Corn Belt was followed by the Pacific Region at \$32.3 billion (2002 - \$32.0 billion); Northern Plains at \$26.1 billion (2002 - \$24.2 billion); Lake States at \$19.3 billion (2002 - \$19.1 billion); and the Southern Plains at \$17.2 billion (2002 - \$14.5 billion).

APPALACHIAN REGION

Farm production expenditures for 2003 totaled \$16.3 billion for Kentucky, North Carolina, Tennessee, Virginia, and West Virginia. This was up 1 percent from 2002. The Appalachian Region accounted for 8.2 percent of the U.S. total expenditures. The five largest expense items for the Appalachian Region were feed, farm services, livestock, poultry and related expenses, labor and farm improvements and construction. These five items accounted for 60 percent of total expenditures for 2003. The item that saw the largest increase from 2003 was farm improvements and construction that increased 54 percent.

FARM PRODUCTION EXPENDITURES 2002 - 2003

EXPENDITURE - FARM SHARE	APPALACHIAN REGION <u>1/</u>					UNITED STATES <u>2/</u>				
	Average		Total Expenditures			Average		Total Expenditures		
	per Farm <u>3/</u>				'03 %	per Farm <u>3/</u>				'03 %
	2002	2003	2002	2003	of '02	2002	2003	2002	2003	of '02
	Dollars		Million Dollars		(%)	Dollars		Million Dollars		(%)
Total Farm Production Expenditures <u>4/ 5/</u>	52,644	54,936	16,030	16,250	101	89,722	93,785	193,100	198,900	103
Livestock, Poultry & Related Expenses <u>6/</u>	5,977	5,747	1,820	1,700	93	8,503	8,959	18,300	19,000	104
Feed	11,363	11,968	3,460	3,540	102	11,570	12,731	24,900	27,000	108
Farm Services <u>7/</u>	5,747	6,626	1,750	1,960	112	12,452	12,637	26,800	26,800	100
Rent <u>8/</u>	2,332	2,366	710	700	99	7,527	7,733	16,200	16,400	101
Agricultural Chemicals <u>9/</u>	1,642	1,724	500	510	102	3,857	3,961	8,300	8,400	101
Fertilizer, Lime & Soil Conditioners <u>9/</u>	2,463	2,502	750	740	99	4,461	4,715	9,600	10,000	104
Interest	2,430	2,265	740	670	91	4,879	4,385	10,500	9,300	89
Taxes (Real Estate & Property)	1,314	1,318	400	390	98	3,160	3,206	6,800	6,800	100
Labor	5,287	5,071	1,610	1,500	93	9,990	9,996	21,500	21,200	99
Fuels	1,773	1,792	540	530	98	3,020	3,159	6,500	6,700	103
Farm Supplies & Repairs <u>10/</u>	2,956	2,637	900	780	87	5,669	5,187	12,200	11,000	90
Farm Improvements & Construction <u>11/ 12/</u>	2,332	3,685	710	1,090	154	3,717	5,422	8,000	11,500	144
Tractors & Self-Propelled Farm Machinery	2,069	2,535	630	750	119	2,881	3,065	6,200	6,500	105
Other Farm Machinery	920	1,285	280	380	136	1,719	1,839	3,700	3,900	105
Seeds & Plants <u>13/</u>	1,970	2,096	600	620	103	4,135	4,385	8,900	9,300	104
Trucks & Autos	1,806	1,183	550	350	64	1,951	2,122	4,200	4,500	107

1/Appalachian: KY, NC, TN, VA, WV. 2/Excludes AK and HI. 3/Total expenditures divided by total number of farms. 4/Total includes production costs not allocated to any of the 16 expense categories published. 5/Includes landlord and contractor share of farm production expenses. 6/Includes purchases and leasing of livestock and poultry. 7/Includes all crop custom work, veterinary services, custom feeding, transportation costs, marketing charges, insurance, leasing of machinery and equipment, miscellaneous business expenses, and utilities. 8/Includes public and private grazing fees. 9/Includes material and application costs. 10/Includes bedding and litter, marketing containers, power farm shop equipment, miscellaneous non-capital equipment and supplies, repairs and maintenance of livestock and poultry equipment, and capital equipment for livestock and poultry. 11/Includes all expenditures related to new construction or repairs of buildings, fences, operator dwelling (if dwelling is owned by operation), and any improvements to physical structures of land. 12/Changed to include operator dwelling expenses (if dwelling is owned by operation) in 2003. 13/Excludes bedding plants, nursery stock, and seed purchased for resale. Includes seed treatment.

U.S. PRODUCTION EXPENDITURES BY ECONOMIC CLASS GROSS SALES - 2003 ^{1/}

GROSS SALES	AVERAGE EXPENDITURE PER FARM	TOTAL EXPENDITURE	PERCENT OF TOTAL U.S. EXPENDITURE
	Dollars	Million Dollars	(%)
\$1,000,000 & Over	2,361,888	67,550	34
\$500,000 - 999,999	718,876	31,990	16
\$250,000 - 499,999	345,718	29,870	15
\$100,000 - 249,999	169,880	28,370	14
\$50,000 - 99,999	70,970	12,370	6
\$10,000 - 49,999	37,789	16,030	8
Less than \$10,000	10,637	12,720	7
Total Farms			
Average Per Farm	93,785	198,900	-

^{1/} Excludes AK and HI.

2004 AGRICULTURAL CASH RENTS

Cash rent for **Kentucky** agricultural **cropland** for 2004 was \$72.00 per acre. Kentucky was part of the Appalachian Region which also included North Carolina, Tennessee, Virginia and West Virginia. Within this five state region, Kentucky reported the highest cash rent value. The bordering states of Illinois, Indiana, Ohio and Tennessee had cropland rents of \$126.00, \$107.00, \$80.00 and \$67.00 per acre respectively. Illinois and Iowa led the nation with \$126.00 per acre for all cropland and California led the nation with \$300.00 per acre for irrigated cropland. The national cropland average was \$76.50 per acre, up \$3.50 per acre from 2003.

Pasture cash rent was not reported for Kentucky due to the small number of reports received. With regard to pasture cash rent in neighboring states, Illinois was \$34.00 per acre, Missouri was \$26.00 per acre and Tennessee was \$19.00 per acre. The average for the Appalachian Region (North Carolina, Tennessee and Virginia) was \$19.10 per acre. The national pasture rent was \$9.60 per acre, up 60 cents from 2003. Variations between the states was significant. Wisconsin and Illinois had the highest pasture rents at \$37.00 and \$34.00 respectively, while the states of Colorado, New Mexico and Wyoming all reported pasture rent below \$5.00 per acre.

Cropland Rented for Cash: Average Cash Rent per Acre, by State and Nation, 2000 - 2004 ^{1/}

STATE	2000	2001	2002	2003	2004
Dollars					
Illinois	119.00	119.00	122.00	123.00	126.00
Indiana	100.00	100.00	101.00	103.00	107.00
Kentucky	74.00	72.00	68.00	70.00	72.00
Missouri (Non-Irrigated)	62.00	65.00	66.00	70.00	76.00
Ohio	74.00	76.50	77.00	78.00	80.00
Tennessee	60.00	59.50	60.50	62.00	67.00
Virginia	36.50	36.50	36.00	36.50	39.00
West Virginia	26.00	26.00	27.00	28.00	30.00
48 States	70.00	71.00	71.60	73.00	76.50

^{1/}Unless otherwise specified as irrigated or non-irrigated, data are for all cropland.

U. S. DAIRY PRODUCTS, JUNE 2004

PRODUCT	June 2003	May 2004 <u>1/</u>	June 2004	Percent of June 03 May 04	
(000) Pounds			Percent		
BUTTER	84,169	106,597	96,986	115	91
CHEESE					
American Types <u>2/</u>	305,049	331,908	309,799	102	93
Mozzarella	236,757	244,528	235,830	100	96
All Other Types <u>3/</u>	170,503	171,915	171,154	100	100
Total	712,309	748,351	716,783	101	96
(000) Gallons			Percent		
FROZEN PRODUCTS					
Ice Cream (Hard)	84,698	75,073	85,753	101	114
Frozen Yogurt (Total)	6,211	6,282	6,462	104	103
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	50,637	43,860	50,364	99	115
Yogurt Mix	3,800	3,695	3,801	100	103

^{1/} Revised. ^{2/} Includes Cheddar, Colby, Monterey, and Jack. ^{3/} Includes Swiss, cream and all other types. Excludes cottage cheese.

Internet Access: Kentucky Agricultural Statistics Service (KASS) data including this report are available free of charge on our Internet homepage located at <http://www.nass.usda.gov/ky>. Links to the Kentucky Department of Agriculture, the University of Kentucky Agricultural Weather Center and other web sites related to Kentucky Agriculture are also included. National & State reports and data are available on the National Agricultural Statistics Service (NASS) homepage located at <http://www.usda.gov/nass/>